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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

In re:

GIGA WATT, Inc., a Washington
corporation,

Debtor.

Case No. 18-03197 FPC 11

Chapter 11

**DECLARATION OF MARK D. WALDRON
IN SUPPORT OF CHAPTER 11 TRUSTEE'S
REPLY TO OBJECTION OF AD HOC WTT
TOKEN COMMITTEE TO CHAPTER 11
TRUSTEE'S MOTION FOR ORDER
APPROVING TNT SALE**

I, Mark D. Waldron, declare as follows:

1. I submit this declaration in my official capacity as the Chapter 11 Trustee (the "Trustee") in the bankruptcy case of the above-captioned debtor and in support of the *Chapter 11 Trustee's Reply to Objection of Ad Hoc WTT Token Committee to Chapter 11 Trustee's Motion for Order Approving TNT Sale* (the "Reply"). The statements set forth herein and in the Trustee's Reply are based on my investigation of the Debtor's affairs, which is ongoing, and except where otherwise noted, are based on my personal knowledge or the knowledge

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1 of people working under my supervision and reporting to me. If called as a
2 witness, I would and could competently testify thereto.

3 2. Unless otherwise defined herein, capitalized terms have the
4 meanings ascribed to them in the Reply.

5 3. A true and correct copy of the White Paper can be found at the
6 following link:

7 [https://documentcloud.adobe.com/link/review?uri=urn%3Aaid%3Aascds%3AUS](https://documentcloud.adobe.com/link/review?uri=urn%3Aaid%3Aascds%3AUS%3Af433a721-4689-4233-9b3e-13d7571c1943)
8 [%3Af433a721-4689-4233-9b3e-13d7571c1943](https://documentcloud.adobe.com/link/review?uri=urn%3Aaid%3Aascds%3AUS%3Af433a721-4689-4233-9b3e-13d7571c1943).

9 4. No member of the WTT Token Committee objected to my motions to
10 re-open the Moses Lake Facility or the TNT Facility. The Official Committee of
11 Unsecured Creditors (“Creditors Committee”) proposed in its Disclosure
12 Statement that the facilities should be transferred to all unsecured creditors.
13 However, the Creditors Committee, three of whose members are also on the
14 WTT Token Committee, did not explain who would run those facilities or pay the
15 costs of running those facilities.

16 5. The description of the ICO marketing pitch by Giga Watt is based on
17 my investigation and that of my team.

18 6. I am informed that there is no available system that would allow a
19 company, such as Giga Watt, to track the electrical usage of individual miners
20 and then calculate that miner’s share of electricity for the month prior.
21 Nonetheless, this was the payment calculation.

22 7. The Giga Watt tokens were also traded on an exchange.
23

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1 8. A true and correct copy of the McVicker Complaint may be viewed at
2 the following link:

3 [https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Asc%3AUS](https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Asc%3AUS%3A5f2fc2b8-f151-4352-9013-b9b15f35495a)
4 [%3A5f2fc2b8-f151-4352-9013-b9b15f35495a](https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Asc%3AUS%3A5f2fc2b8-f151-4352-9013-b9b15f35495a).

5 9. Giga Watt failed to get Pangborn off the ground. The Pangborn
6 power contract required that Giga Watt build a substation that would allow the
7 Douglas County PUD to deliver power to the site. Giga Watt never built the
8 substation.

9 10. Based on my investigation, which is ongoing, funds received in the
10 ICO were initially held in an escrow account maintained by Giga Watt's counsel.
11 Once the facilities were operational, the funds were to be released from escrow
12 and the tokens and miners activated or "issued." However, according to the
13 Chair of the Creditors Committee and David Carlson, the law firm released the
14 funds before the facilities were actually operational. Therefore, there are
15 innumerable Token and Miner claims that are not backed by either power or
16 machines. I am currently investigating the role of this firm in the ICO and in
17 particular its release of funds from escrow.

18 11. A true and correct copy of the Framework for
19 "Investment Contract" Analysis of Digital Assets, dated April 2019, can be found
20 at the following link:

21 [https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Asc%3AUS](https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Asc%3AUS%3A810436fa-2b51-4450-bf0f-5d4963987701)
22 [%3A810436fa-2b51-4450-bf0f-5d4963987701](https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Asc%3AUS%3A810436fa-2b51-4450-bf0f-5d4963987701).

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1 12. A true and correct copy of Daria Generalova's email dated May 12,
2 2017 and described in the Reply can be found at the following link:
3 [https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Aascds%3AUS%](https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Aascds%3AUS%3A11fb8ed7-cfe0-40a3-a312-6fa888a34b61)
4 [%3A11fb8ed7-cfe0-40a3-a312-6fa888a34b61](https://documentcloud.adobe.com/link/review?uri=urn%3Aaaid%3Aascds%3AUS%3A11fb8ed7-cfe0-40a3-a312-6fa888a34b61).

5 13. A true and correct copy of Marina Mikhailyuta's email described in
6 the Reply can be found at the following link:
7 [https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%](https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3A73e946e5-4dba-4d98-8abc-de5837d3ec6e)
8 [3A73e946e5-4dba-4d98-8abc-de5837d3ec6e](https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3A73e946e5-4dba-4d98-8abc-de5837d3ec6e).

9 14. Based on my investigation, Giga Watt is not holding anywhere near
10 \$69 million worth of infrastructure and equipment.

11 15. The Moses Lake Facility is approximately six times bigger than the
12 TNT Facility as measured by power consumption.

13 16. My team and I are currently reviewing the role of the law firm that
14 released token and miner sale proceeds from escrow before the Debtor's
15 facilities were operational. I disagree with the Creditor Committee's assertion
16 that such claims are nebulous.

17 17. Giga Watt holds approximately \$6 million in insurance policies which
18 may cover claims arising from Giga Watt's negligence. I am investigating these
19 policies and their application to these claims.

20 18. The analysis of the claims set forth in the Reply was completed by my
21 team which reports to me.

22 19. In August 2018, Giga Watt's landlord at Pangborn had terminated the
23 lease and commenced eviction proceedings. Contractors were recording liens as
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1 a result of Giga Watt's failure to pay for construction at Pangborn. The
2 substation, a necessary prerequisite to tapping the touted 50MW of power, was
3 2 years and a \$1 million away from being finished. The District was only two
4 months away from terminating the power contract at Pangborn. Giga Watt's CEO
5 quit without telling anyone, after sending an email that he was concerned that
6 he "might go to jail.

7 20. Dave Carlson testified during the hearing on the preliminary
8 injunction in this bankruptcy case, the Giga Watt principals formed Giga Watt
9 Pte, Ltd. on the advice of counsel in order to distance the ICO from US securities
10 laws. Its principals are the same as Giga Watt's principals.

11 21. Cryptonomious, which issued tokens, also shares the same principals
12 as Giga Watt Pte Ltd. and Giga Watt, Inc. It also shares the same address in
13 Singapore with Giga Watt Pte Ltd. A WTT Token Committee member, Alan
14 Walnoha, has informed me that the Singapore address is fictional. He reportedly
15 went to Singapore to find the office. The address does not exist.

16 22. Shortly after my appointment, I visited the GW facilities and have
17 done so multiple times since. The miners located at the Giga Watt facilities have
18 stickers stating, "Property of Giga Watt." A true and correct copy of a photograph
19 showing the stickers and the miners may be found at the following link:

20 [https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%](https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3A86f35773-6619-472e-b94d-a3d475d5203f)
21 [3A86f35773-6619-472e-b94d-a3d475d5203f](https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3A86f35773-6619-472e-b94d-a3d475d5203f).

1 23. A true and correct copy of two photographs showing how the miners
2 are closely stacked, may be found at the following link:

3 [https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%](https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3Aee81586b-afc4-4429-a213-990e2af8e89f)
4 [3Aee81586b-afc4-4429-a213-990e2af8e89f](https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3Aee81586b-afc4-4429-a213-990e2af8e89f). See next page to click.

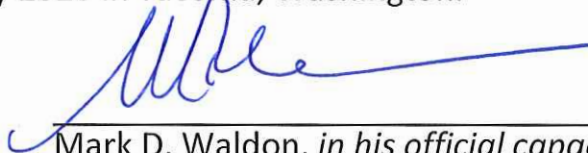
5 24. The WTT Token Committee did not object when I moved to re-open
6 the Moses Lake Facility (in two stages) and, later, the TNT Facility, despite
7 receiving notice thereof. I have been operating the Moses Lake Facility for more
8 than a year. I have been operating the TNT Facility since late last summer.

9 25. Similarly, the WTT Token Committee never made an appearance in
10 the difficult and time consuming litigation to obtain control of the TNT Facility.
11 The Committee never tried to intervene as a necessary party, despite its current
12 assertion that its constituents essentially own the TNT Facility.

13 26. Three members of the Creditors' Committee, including its Chair, are
14 also members of the WTT Token Committee.

15 To the best of my knowledge and belief, I declare under penalty of perjury
16 that the foregoing is true and correct.

17 Executed this 12th day of May 2020 in Tacoma, Washington.

18 
19 _____
20 Mark D. Waldon, in his official capacity as
21 Chapter 11 Trustee in the above-captioned
22 case

23 4852-9935-2508, v. 2

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23. A true and correct copy of two photographs showing how the miners are closely stacked, may be found at the following link:

<https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Ascds%3AUS%3Aee81586b-afc4-4429-a213-990e2af8e89f>.

24. The WTT Token Committee did not object when I moved to re-open the Moses Lake Facility (in two stages) and, later, the TNT Facility, despite receiving notice thereof. I have been operating the Moses Lake Facility for more than a year. I have been operating the TNT Facility since late last summer.

25. Similarly, the WTT Token Committee never made an appearance in the difficult and time consuming litigation to obtain control of the TNT Facility. The Committee never tried to intervene as a necessary party, despite its current assertion that its constituents essentially own the TNT Facility.

26. Three members of the Creditors' Committee, including its Chair, are also members of the WTT Token Committee.

To the best of my knowledge and belief, I declare under penalty of perjury that the foregoing is true and correct.

Executed this 12th day of May 2020 in Tacoma, Washington.

Mark D. Waldon, *in his official capacity as
Chapter 11 Trustee in the above-captioned
case*

4852-9935-2508, v. 2

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